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Title **Fiscal Responsibility at the Municipal Level – Case Study of the Czech Republic**

Abstract Fiscal Responsibility is a relatively new tool at the municipal level in the Czech Republic. It is generally considered as positive, and many experts believe that it can help to solve a problem of municipal indebtedness. However, how this tool works in reality? And how the municipalities behave in the traditional perception of indebtedness? The purpose of the paper is to explore – on selected case studies of municipalities - the usage of fiscal responsibility tool regarding its benefits and drawbacks in different groups of municipalities and to identify their determinants using appropriate economic methods. The data about municipalities was obtained through a national monitoring database operated by the Czech Ministry of Finance. A preliminary analysis shows that the usage of the mentioned tool has a little impact on the economic behavior of municipalities. It seems that other factors like the specific situation of each municipality play a more significant role. Nevertheless, there are interesting differences among the examined municipalities which require further analysis and explanation.